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Montana. Resource Development Bureau
Montana renewable resource development grant and loan program guidelines

GUIDELINES AND FORMS FOR GOVERNMENTAL ENTITIES

for the

RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

1994

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MONTANA RENEWABLE RESOURCE

GRANT AND LOAN PROGRAM GUIDELINES

Application Forms

For Legislative Review in 1995

Department of Natural Resources
and Conservation
Resource Development Bureau
P.O. Box 202301
1520 East Sixth Avenue
Helena, MT 59620-2301

Telephone:444-6668/Telefax: 444-6721

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INTRODUCTION

This booklet explains how state and local governmental entities may apply for grants and/or loans under Montana's Renewable Resource Grant and Loan program. Along with providing details concerning applicant eligibility and the eligibility of specific projects, this booklet provides general information about how applications are processed and how funded grants and loans are managed. This booklet also includes the application forms needed to apply for grant and/or loan funding. Grants are available in amounts up to $100,000 (see Funding Limitations, page 3).

Loans under the program are financed with Coal Severance Tax backed state bonds. Interest rates on Coal Severance Tax backed bonds are generally more favorable than those local governments are able to obtain through the sale of general obligation, revenue, or other local bonds. Loans are available to supplement grant funding but in combination cannot exceed $200,000. Entities seeking more than $200,000 for renewable resource projects may apply for loan funds only. Loans ranging up to several million dollars are available for water-related projects from the Renewable Resource Grant and Loan program.

This booklet does not contain guidelines or forms for other grant and loan programs administered by the Department of Natural Resources and Conservation. The Department's Resource Development Bureau also administers other grant and loan funds that may be of interest to you or the group you represent. For example, grants are available to public entities under the Reclamation and Development Grant program for projects that compensate Montana citizens for the effects of exploration and mining on Montana lands or that serve public interest and the state of Montana.

Private individuals and associations are eligible for water-related renewable resource grants and loans under the Renewable Resource Grant and Loan program and for loans under the Rangeland Loan program.

Guidelines and forms for these other grants and loans may be obtained by calling 444-6668 or by writing to the address below.

Submit three (3) sets of the completed application forms with supporting documentation and a **$250 application fee**, to:

Montana Department of Natural Resources
and Conservation
Resource Development Bureau
P.O. Box 202301
1520 East Sixth Avenue
Helena, MT 59620-2301

Application forms must be hand-delivered to DNRC or postmarked no later than May 15, 1994. If you have questions or if we can help you in any way, please contact our office.

GENERAL INFORMATION

The Resource Development Bureau of the Department of Natural Resources and Conservation (DNRC) administers several grant and loan programs. This booklet concerns only the Renewable Resource Grant and Loan program and provides guidelines for grants and loans.

FUNDING LIMITATIONS

These guidelines do not impose a limit on the amount of funding the Montana Legislature may provide to a governmental entity for a project. DNRC, however, limits its grant funding recommendations to a maximum of $100,000 for renewable resource project grant proposals.

The typical grant funding level recommended by DNRC will be further limited to 25 percent of the total estimated project cost or $50,000, whichever is less. This limit is applied to projects which will produce revenues that may be used to secure debt (borrow money), like sewer or water system improvement projects, and that are proposed by applicants authorized to incur debt. If an applicant is not able to incur debt, or if the revenue from the funded project may not be used to secure debt, DNRC may recommend a grant of up to $100,000.

Funding recommendations for grants will not exceed $100,000.

Loan requests up to $200,000 may be combined with grant requests in a single application. The total recommendation for a grant/loan funding combination will not exceed $200,000. The amount of the loan awarded will be equal to the amount of funds requested but not more than $200,000 less the amount of the grant award. Interest rates for loans supplemented with grant funding are set at the rate the State bond is sold and will depend on the bond market conditions at the time of the bond sale.

Loan requests over $200,000 are considered large loans and may not be combined with grant requests under the Renewable Resource Grant and Loan program (grants from other funding sources may be used, however). The Legislature may provide interest subsidies in lieu of grants when additional funding relief is warranted. Interest subsidy recommendations are based on the average income level of the households represented by the applicant. Subsidies range from a one to three percent reduction in the interest charged the borrower, for up to five years of the loan term. Large loans are only offered in amounts greater than $200,000 **and are available for water-related projects only.** The amount of a large loan is constrained only by the applicant's debt capacity and the DNRC's bond authority. Loans of several million dollars are not uncommon. Interest rates for large loans are at the rate the state's bond is sold less any interest subsidy granted by the Legislature. Backing with the proceeds of the state's Coal Severance Tax generally provides a rate that is better than the applicant can obtain through the sale of general obligation, revenue, or other local bonds.

The amount of a large loan is constrained only by the applicant's debt capacity and the DNRC's bond authority.

To aid the preparation of appropriate funding recommendations, applicants are required to provide information needed to evaluate the affordability of a proposed project. DNRC then makes an evaluation of the impact of grant or loan funding. A grant may be more necessary for applicants already near maximum debt capacity than for applicants that have opted not to incur debt for resources development projects and have the capacity to do so now. Financial indicators, including current rates, fees, mill levies, and taxes will be used to determine whether the applicant has the financial resources needed to pay for a project without grant and/or loan assistance from the Renewable Resource Grant and Loan program. Other factors including debt load and local income levels will also be considered. DNRC will adhere to its guidelines to develop each funding recommendation, but **when affordability is a problem legislators will be advised that a departure from normal funding limitations may be appropriate.**

PROJECT SELECTION

The application period begins in February 1994. DNRC will accept applications until May 15, 1994. **Note that in 1994, May 15 falls on a Sunday. Therefore applications must be postmarked not later than May 14, 1994 or hand delivered to DNRC by 5:00 p. m. May 13, 1994.** They will be reviewed and ranked by DNRC staff during the following summer and fall.

DNRC rejects all applications that are substantially incomplete.

(1) DNRC first reviews the applications for completeness. If application forms and required documentation are incomplete, DNRC notifies the applicants and sets a specific time for them to complete the requirements. DNRC rejects all applications that are substantially incomplete when initially submitted; substantially incomplete applications are those that include application forms that lack information and/or supporting narrative information.

Abstracts are used to promote each proposal's merits.

(2) DNRC evaluates applications to determine technical, financial, economic, and environmental feasibility. Applicants may be required to answer specific technical questions and to submit additional documentation. DNRC also consults with other state and federal agencies to complete its evaluation. The proposal abstract that is required as part of the application is used generally to inform the application review team of the proposals submitted. These abstracts also are used to promote each proposal's merits to the Legislature.

Each application that includes a grant request is ranked.

(3) DNRC ranks all feasible grant projects. Each application that includes a grant request is ranked (see ADDITIONAL HELP - GRANT APPLICATION RANKING CRITERIA, page 65). Results of the ranking process and funding recommendations are developed and printed in a report to the Legislature along with the proposal abstract prepared by each applicant. This report will be submitted to the Legislature in January 1995.

(4) Funding is provided through legislative appropriation and authorization. The Legislature reviews DNRC's legislative report which contains project summaries prepared by the applicants, DNRC's technical, financial, economic, and environmental review, and the department's recommendations. To obtain support for your project application, you should contact your legislators. Also plan to testify on behalf of your project during legislative sub-committee hearings. Actual funding decisions are made during the regular legislative session.

FUNDING SCHEDULE

Grants are funded with interest earnings from the Resource Indemnity Trust Fund. As appropriated funds earned during the biennium become available, contracts are prepared and grants are awarded in the order of legislative priority. Thus, up to 20 of the higher-ranked projects receive funding beginning in July, one year after applications are first submitted. Lower-ranked grant projects are funded during the two fiscal years that follow. For the lowest ranked grant projects, funding may be delayed for up to three years after applications are first submitted.

Lower-ranked projects may not be funded until three years after applications are first submitted.

Projects that obtain loan authority may enter into a bond purchase agreement after July 1, 1995. Funds will become available when the terms of the agreement have been met, a bond has been sold, and the loan closed.

THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

BACKGROUND

The Montana Legislature established the former Renewable Resource Development Program in 1975 to promote the development of renewable resources. To do this, the program provided funds for eligible renewable resource development projects. Only governmental entities were eligible to apply for funding under this program. Funds were provided for the purchase, lease, planning, design, construction, or rehabilitation of projects that conserved, managed, used, developed, or preserved land, water, fish, wildlife, recreation, and other renewable natural resources.

The Montana Legislature established the former Water Development Program in 1981 to promote and advance the beneficial use of water, and to allow Montana's citizens full use of the state's water by providing grants and loans for water development projects and activities. Under this program, governmental entities and private persons were eligible to apply for funding.

House Bill 608 combined the Water Development and Renewable Resource Development programs.

In 1993, House Bill 608 was passed by the Legislature to combine the Water Development and Renewable Resource Development programs. As a result the Renewable Resource Grant and Loan program was created. Governmental and private entities are eligible to apply for Renewable Resource grants and loans. The application forms in this booklet, however, are for governmental entities only. Private persons should request separate application forms and guidelines for grants and loans to private persons by calling or writing to DNRC's Resource Development Bureau; refer to the title page of this application for the address and telephone number. **Private projects must be water-related.**

The statute that designated water storage projects as priorities under the former Water Development Program no longer exists.

The Water Storage fund, designated by the Legislature in 1991, continues to allocate 25 percent of the grant funds available under the Renewable Resource Grant and Loan program to be used especially for water storage projects. Projects that promote the water storage priorities established by the *State Water Plan* may be funded with this fund. Other water storage projects may also compete for Renewable Resource Grant and Loan program funds. The statute that designated water storage projects as priorities under the former Water Development Program no longer exists. Water storage projects will be evaluated and ranked under the Renewable Resource Grant and Loan program according to standard ranking criteria.

PURPOSE

The purpose is to further the state's conservation, development, and beneficial use of water resources and to invest in renewable natural resource projects that will preserve state's natural heritage.

The purpose of the Renewable Resource Grant and Loan program is to further the state's policies, set forth in 85-1-101 MCA, regarding the conservation, development, and beneficial use of water resources and to invest in renewable natural resource projects that will preserve for the citizens of Montana the economic and other benefits of the state's natural heritage.

PROJECT ELIGIBILITY

Renewable resource projects including water and other renewable resource-related projects are eligible to receive grant and loan funding. Applications must document how the funds spent will enhance the common well-being of Montanans through measurable conservation and the management, better use, development, or protection of a targeted resource.

Grants and loans may be made for the purchase, lease, or construction of projects for the conservation, management, use, development, or preservation of the state's water, land, vegetation, fish, wildlife, recreation, and other renewable resources. In the past, eligible projects have included those that, for example, provided research and demonstration of farming practices that reduced agricultural chemical use, improved forest resources, or allowed for better access to recreation opportunities. Other eligible projects have also been those that produced feasibility and design studies for such projects, and facilitated development of plans for the rehabilitation, expansion, or modification of existing projects.

Grants and loans may be made for the purchase, lease, or construction of projects for the conservation, management, use, development, or preservation of the state's water, land, vegetation, fish, wildlife, recreation, and other renewable resources.

Eligible water-related renewable resource projects include projects to construct or repair "works" for the purpose of irrigation, flood prevention, drainage, or the supply of water for public, domestic, industrial, stock, fire protection or other beneficial uses. Eligible projects also include those for the protection or benefit of fish and wildlife; improvement of public, water-based recreation opportunities; and development of hydropower. All means of conserving and distributing water such as reservoirs, dams, diversion canals, waste canals, drainage canals, dikes, lateral ditches, and pumping units, mains, pipelines, and waterworks systems for the conservation, storage, distribution, and use of water are considered "works" and qualify for funding considerations.

Watershed projects that protect and improve water quality, like erosion control projects and projects that help plan for the future management and protection of water sources, like groundwater assessment studies have been funded. Projects that are less likely to receive funding include municipal swimming pools and golf course developments, playground equipment, or development of recreational areas for limited public use.

APPLICANT ELIGIBILITY

Governmental Entities - During its review of applications for Renewable Resource Grant and Loan program funding, DNRC may recommend that grants be awarded to a department, agency, board, commission, or other division of state government; or to a city, county, or other local political subdivision. These entities, called governmental entities, in the past have, for example, included: Cities, Sewer Districts, Conservation Districts, State Agencies, Counties, Towns, Irrigation Districts, Universities, Joint Boards of Control, and School Districts.

DNRC may recommend that grants be awarded to a department, agency, board, commission, or other division of state government; or to a city, county, or other local political subdivision.

Private Persons - Any individual, association, partnership, corporation, or nongovernmental entity also may be considered for funding, but only for water-related projects. By law, funding for these efforts may not exceed 25 percent of the total estimated cost, or five percent of the pool of funds available under the program for grants during one biennium. Private grant and loan applications are managed under a process separate from the process for public entities. DNRC requests funds for grants to private persons during the regular legislative session. Application deadlines are set after the appropriation is provided. DNRC staff review the private grant and loan applications and those with the greatest merit are recommended for funding to DNRC's director. For more information, call or write DNRC's Resource Development Bureau; refer to the title page for the address and telephone number.

STEP 1: PROPOSAL ABSTRACT

Prepare a clear and concise description of your proposal that describes how the merits of the project provide benefits that support the purpose of the Renewable Resource Grant and Loan program (see page 7). This proposal abstract will be used to inform the review team of the range of proposals submitted. DNRC staff will edit the abstract for spelling and obvious grammatical errors only. Since it will be incorporated into the *Renewable Resource Grant and Loan Program Report to the Legislature*, **you should be careful to provide accurate information in the abstract that will describe the public benefits and other merits that will be achieved.**

Your abstract should consist of no more than 250 words. Longer abstracts will be returned to you for redevelopment.

On your own paper, use the following format for your abstract.

PROPOSAL ABSTRACT

SUBMITTED TO: DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

DATE:

APPLICANT NAME:

PROJECT NAME:

PROJECT DESCRIPTION:

STEP 2: PROJECT DATA

To help DNRC staff determine the eligibility of your application, provide all of the information requested. Incomplete forms will be returned.

You must select one person to act as a key contact during the review of your application. The key contact person will be responsible for providing any additional information needed to complete the review of your proposal and will be the person with whom DNRC staff correspond. The key contact person will also be responsible for conveying information about the review of the proposal to others on the proposal team.

APPLICANT INFORMATION

A. **Applicant Name** _____

B. **Mailing Address** _____

C. **City, State, Zip** _____

D. **Telephone Number(s)** _____

E. **Key Contact Person(one only)** _____

1. Address: _____

2. Telephone: _____
(A number where we can most easily reach or leave a message for the key contact.)

F. This application requests funds for the following: (check one)

☐ 1. City, county, or town

☐ 2. Conservation district

☐ 3. Irrigation district

☐ 4. Joint board of control

☐ 5. School district

☐ 6. State agency

☐ 7. University

☐ 8. Water or sewer district

☐ 9. Other (describe)

PROPOSAL INFORMATION

A. **Proposal Title** _____

B. **Statement of Goal** _____

_____

C. **Type of funding request.** Indicate whether your request is for:

☐ 1. Grant only ($100,000 maximum)

☐ 2. Loan and grant combination($200,000 maximum)

☐ 3. Loan only (over $200,000; for water-related projects)

D. **Budget (from page 27) :**

1. I request a grant in the amount of: $_____
2. I request a loan in the amount of: $_____
3. I also will spend funds from our budget and will document expenditures of: $_____
4. I also have secured additional funds from the following sources: (Letters of commitment are attached.)
   a. $_____
   b. $_____
   c. $_____

   Total Other Secured Funding $_____

5. I continue to seek funding from the following sources: (Application cover letters are attached.)
   a. $_____
   b. $_____
   c. $_____

   Total Other Funding In Process $_____

6. After securing funding listed in items 4 and 5 above, I will still lack partial funding in the amount of: $_____

7. GRAND TOTAL ESTIMATED PROJECT COST: $_____

E. **Authorizing Statements.** An authorized agent representing the applicant governmental agency must by his/her signature indicate that the application for funds and expenditure of matching funds, as represented, has been officially authorized (attach board minutes or other authorizing documentation).

1. Grant Authorization.

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project complies with all applicable state, local, and federal laws and regulations.

I further declare that for _____ (applicants name), I am legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain funding if this application is approved. I understand that all funds must be authorized by the Montana Legislature and that grant funds will become available only as Resource Indemnity Trust Fund interest is earned and that **I can expect a delay of one to three years after this application is first submitted before grant funds will become available.**

Applicant Name _____

Date _____ Authorized Representative _____ (signature)

Title _____

2. Loan Authorization:

I hereby declare that the information included in and all attachments to this application are true, complete, and accurate to the best of my knowledge, and that the proposed project or activity complies with all applicable state, local, and federal laws and regulations.

I further declare that, for _____ (applicants name), I am legally authorized to enter into a binding contract with the Department of Natural Resources and Conservation to obtain loan financing if this application is approved. I understand that all funds must be authorized by the Montana Legislature and that loan funds will become available after the sale of state bonds and that I will be expected to enter into a bond purchase agreement when funding is available and according to my construction schedule.

Applicant Name _____

Date _____ Authorized Representative _____ (signature)

Title _____

STEP 3: TECHNICAL NARRATIVE

Instruction Sheet and Checklist

INSTRUCTIONS FOR TECHNICAL FEASIBILITY NARRATIVE

In the technical narrative, provide all the explanation needed to understand the existing situation and the problem, then describe how the problem will be solved. Use the following outline to plan your technical narrative. You need not follow this outline if you have already prepared information for other purposes. Rather, use the outline as a checklist to ensure that nothing has been omitted from your description; be sure to add any needed information. Enough information is needed to assess the value and feasibility of your project. Indicate the page number where the specified information may be located in your proposal. If you do not provide the needed information, your application may be rejected or DNRC may contact you to require additional information and documentation before review of your proposal continues.

Use the outline as a checklist to ensure that nothing has been omitted from your description.

Describe only the work to be done with the Renewable Resource Grant and Loan program grant and/or loan and any matching funds committed in an executed grant and/or loan agreement. Do not describe phases of the project to be completed before or after the grant as these are not to be considered as part of the project, nor are the benefits associated with past or future phases weighed as the benefits associated with the proposed project. Past phases or phases currently underway should be discussed as part of the history of your project only.

Past phases or phases currently underway should be discussed as part of the history of your project only.

As an example, imagine a community seeks to improve their drinking water system. In the past they completed a system study and preliminary design. Currently a new well is being drilled and a water tank adequate to meet community needs is being constructed. The applicant seeks funds to improve portions of the distribution system. In the future it is also planned to add chlorination and remote controls on the storage tank. In this case only the benefits of the new distribution system will be assessed in ranking the project. Only the funds to be used to finance the distribution system are to be included in the project budget.

TECHNICAL FEASIBILITY CHECKLIST

Page no. For each item below indicate the page number in your application where the corresponding information can be found.

I. The proposed project's purpose and the objectives to be accomplished to fulfill the purpose.

p._____ A. Problem to be solved.
p._____ B. Details of the problem.
p._____ C. Information used to assess the problem.
p._____ D. Related facilities, programs, or other resources that exist.

II. Discussion of the history of the problem to be addressed by the project, along with a description of all related work previousiy conducted.

p._____ A. Circumstances which led to the current problem or that precipitated the need for the project.
p._____ B. Efforts made in the past to solve the problem or achieve the proposed purpose, whether successful or unsuccessful.

III. Statement of long-term goals and objectives supported by proposal.

p._____ A. Targeted renewable resource; for example water, air, land, timber, recreation,wild life, fish, fowl, or other.
p._____ B. Type of project; for example purchase, lease, research, study, promotion, planning, design, construction, or rehabilitation.
p._____ C. Proposed action; for example conservation, management, use, development, or preservation.

IV. Description of the project's technical alternatives along with a cost-benefit analysis of each alternative and the reason the proposed alternative was selected.

p._____ A. Detail of all appropriate alternatives.
p._____ B. Basis of selection for the preferred alternative.
p._____ C. Trade-offs between alternatives.

V. Detailed project description that shows how the project will achieve objectives.

p._____ A. Specific goals and/or objectives to be met by selected alternative.
p._____ B. Impact of Renewable Resource Grant and Loan funding or no-funding.
p._____ C. Project phases.
p._____ D. Coordination with other local, state, or federal authorities.
p._____ E. Quantitative results of project.
p._____ F. Impressive aspects of the proposed approach.
p._____ G. Unknowns that require future resolution.

VI. For research, study, promotion, and/or design, specific description of the project implementation plan.

p._____ A. Model or instrument to be used and discussion of the success of model in other projects.
p._____ B. Implementation activities and specific tasks.
p._____ C. Location of project impact.
p._____ D. Ownership of results.
p._____ E. Applicable statute, rule, regulations, and standards to be met.
p._____ F. Licenses, permits, easements, agreements, and other arrangements necessary to conduct project.
p._____ G. Staffing time and qualifications.
p._____ H. Procurement of contracted services.
p._____ I. Benefits of project, duration of benefit, and who will benefit.
p._____ J. The method used to evaluate and quantify direct results.
p._____ K. List of supporting technical documentation.

VII. For construction projects, specific description of the project implementation plan.

p._____ A. Detail of each project component.
p._____ B. Location of project.
p._____ C. Useful life of project.
p._____ D. Owner of project.
p._____ E. Applicable statute, rule, regulations, and standards to be met.
p._____ F. Licenses, permits, easements, agreements, and other arrangements necessary to conduct project.
p._____ G. Staffing time and qualifications.
p._____ H. Procurement of contracted services.
p._____ I. Benefits of project and who will benefit.
p._____ J. Evaluation procedure to describe the method used to evaluate and quantify direct results.
p._____ K. List of supporting technical documentation.

VIII. A schedule (preferably in chart form) for completing the project.

TECHNICAL NARRATIVE

(Use additional pages as needed)

APPLICANT NAME:

PROJECT TITLE:

TECHNICAL NARRATIVE:

STEP 4: TECHNICAL DOCUMENTATION

Instruction Sheet

☑ Submit thorough documentation to support the technical feasibility of the proposed project.

I. <u>For site-specific projects</u> (construction, assessments of groundwater resources, agriculture research, and others) that will impact only the area where the project is located, include:

☐ A. appropriate data on the natural features of the project area such as soils, vegetation, geology, and hydrology;

☐ B. demographic data for the people living in the area impacted by the project;

☐ C. any draft and/or completed technical reports and studies on the project;

☐ D. for construction projects:

- ☐ 1) preliminary engineering designs. All engineering design work submitted for construction projects should name the design standards used, and should be prepared by a professional engineer licensed to practice in Montana. DNRC may exempt the professional engineer requirement if work is done by an experienced person in the technical field who follows the designs established by a professional engineer. An example of this circumstance might be an irrigation project with design work completed by a technician following Soil Conservation Service design procedures.
- ☐ 2) identification of all proposed construction sites, water sources, water diversion points, places of water use, and water conveyance structures.

☐ E. for design, feasibility study, or research projects:

1) examples of other research or studies conducted under similar models, the results, and an evaluation of the impact of the results.

☐ F. a topographic map or aerial photo that shows the project or activity location by sections, townships, and ranges. Show titles on all maps, and include both a scale and a north arrow; and

☐ G. verification of any required deeds, easements, or right-of-way agreements that will be needed to complete the project. Describe property agreements that will be needed before the project can begin. Water right claim numbers should also be included. Some construction projects may require other permits. Prepare a list of any permits you have obtained, or of those you must obtain to complete the project.

II. For <u>regional or statewide</u> research, public education, or technical demonstration projects include:

☐ A. regional or statewide demographic data for the people living in the areas impacted by the project;

☐ B. any draft and/or completed technical reports and studies on the project;

☐ C. examples of other research or studies conducted under similar models, the results, and an evaluation of the impact of the results;

☐ D. if applicable, topographic maps or aerial photos that show the project locations by sections, townships, and ranges. Show titles on all maps, and include both a scale and a north arrow; and

☐ E. verification of any required, easements, or right-of-way agreements that will be needed for access to complete your project.

STEP 5: FINANCIAL NARRATIVE AND BUDGET FORMS

Instructions, checklist, and budget forms

INSTRUCTIONS FOR FINANCIAL FEASIBILITY NARRATIVE

The narrative must clearly demonstrate that the project can be completed within the proposed budget. Use the outline below to plan your financial narrative. You need not follow the outline if you have prepared other information already. Rather, use the outline as a checklist to ensure that nothing has been omitted from your discussion; add any needed information that is not contained in your description. Enough information is needed to determine that your project is financially feasible within the budget plan proposed.

Use the outline as a checklist to ensure that nothing has been omitted from your discussion.

Construction projects must include a contingency expense of at least 10 percent of construction costs to cover unexpected expenses. An inflation contingency may be included as a project cost, and must be identified on the budget forms. Account for any time lapse between project approval and funding so that an inflation contingency may ensure that funds are sufficient to complete the project. Actual funding may later be amended to include funds for unanticipated costs. DNRC's funding commitment, however, cannot exceed the amount authorized by the Legislature.

For loans, applicants must demonstrate their ability to repay. The type of bond to be sold to the state, the amount of semi-annual payments, and the amount of any rate increase needed to repay the loan must be shown in the application. DNRC staff can assist applicants in preparing necessary calculations.

For loans, applicants must demonstrate their ability to repay.

On the checklist, indicate the page number where the specific information may be located in your proposal. If you do not provide the needed information, your application may be rejected or DNRC may contact you to require additional information and documentation before review of your proposal continues.

On the checklist, indicate the page number where the specific information may be located in your proposal.

Describe only grant and/or loan and matching funds to be committed in an executed grant agreement. **Do not** include the costs for phases of construction completed before or after the term of a DNRC funding agreement. These are not to be considered part of the project, nor are the benefits associated with past or future phases weighed as benefits associated with the proposal. For example, if you have a multi-phase project to improve your community's water system over a 10-year period but now seek funding for a water tank, include only those costs associated with the tank. Do not include costs for work in progress or completed.

Costs that cannot be fully documented, or that are not specific to the proposed project, must not be included in the budget proposal because they will not be reimbursed with grant funds. DNRC will reimburse a percentage of the project specific dollar and in-kind costs incurred and documented. If your total estimated budget is $440,000 and you receive a grant award of $50,000, DNRC grant funds will reimburse actual documented costs at a

Costs that cannot be fully documented will not be reimbursed with grant funds.

rate of 11.36 percent ($50,000 ÷ $440,000). If you are later only able to document $400,000 in project specific costs then DNRC will only reimburse 11.36 percent of those costs, or $45,440.

To help you build a defendable budget, DNRC provides the following definitions of program versus project specific costs:

Project specific costs are the only costs that may be reimbursed with grant and/or loan funds.

Project Specific Costs - are the only costs that may be reimbursed with grant and/or loan funds. Project specific costs are those related only to the proposed project and will not be incurred if the project is not implemented. Project specific costs fall into three categories. Project specific costs are paid with grant dollars, paid with match dollars, or paid with project specific non-dollar in-kind contributions.

(1) Grant and loan dollars are those contributed by DNRC through the Renewable Resource Grant and Loan program or by another funding agency through a grant or loan.

(2) Match dollars include project specific funds from the applicant or another contributor that are set aside in a separate category of an annual program budget for this and/or other similar types of projects. Documentation of these expenditures will be provided to the applicant by each dollar match contributor.

(3) In-kind contributions include those project specific non-dollar contributions that have an associated value. Volunteer labor, equipment loan, donated materials, and free services are examples of legitimate in-kind contributions.

Program costs are not considered project matching funds.

Program Costs - are those costs contained in your annual budget or in the annual budget of another project contributor that support other projects and an overall program or mission. These costs cannot be separately documented and will not be included in the budget or percentage of matching costs to be contributed. Program costs are not considered project matching funds. These costs are part of an on-going budget. They will be incurred by you or another project contributor whether or not the project is implemented. Though they support the project indirectly, do not include program costs in your budget. Program costs may be indicated in the application financial narrative with the documentation necessary to support such claims (such as a letter describing the available support). Program costs used to support the project are considered to be evidence of public support for the project.

Other Project Contributors - Describe your efforts toward securing funding commitments. Discuss the status of applications to other funding agencies for grants and/or loans.

If other agencies, associations, or individuals will contribute match dollars or in-kind contributions describe the type of support offered, what commitment has been made, and the arrangements to obtain documentation of the expenditure of funds.

State how much money you will provide toward the project and whether funds will be in match dollars or as in-kind contributions. Describe your in-kind contributions. If you plan to borrow from the private sector, fully describe your borrowing plans. Also include in this narrative any other information that would help DNRC assess your financial commitment to completion of the project.

FINANCIAL FEASIBILITY CHECKLIST

Page no. For each item below indicate the page number in your application where the corresponding information can be found.

I. Describe how your annual budget, or the annual budget of another contributor supports the proposal.

p._____ A. Include any costs that cannot be separately documented and that are not included in the proposal budget but will support the project indirectly. For example, include office space, equipment, and staff to be allocated in part to the project, but that represent costs that will be incurred whether or not the project is implemented.

p._____ B. Indicate the value of the program resources allocated to the project.

II. Describe the funding structure that ensures the project will be financially feasible. The information you provide should demonstrate that there will be adequate sources of funds to complete the proposed project. Include grants, loans, matching dollars, and in-kind contributions. The applicant should be cautious to identify only the amount of match funding necessary to complete the project. If the grant is awarded, DNRC will require that these match funds be documented. If match funding is less than described in the application, DNRC grant funding will be reduced proportionally. Keep in mind that grant funding cannot exceed the amount authorized by the Legislature.

p._____ A. Sources of applicant funds to be used as dollar match for the project. Matching costs may exist in the current budget designated as consultants, operation and maintenance, or other designated project account. Or loan funds and/or increased revenues may be needed to pay applicant matching costs.

p._____ B. Estimate the semi-annual loan repayment needed to repay a DNRC loan, if applicable. Use a six percent interest rate and a 20 year term. Indicate the amount of any rate increase needed to repay the loan.

p._____ C. Indicate the type of bond to be issued for sale to the state.

p._____ D. Other contributors of dollar match and the source of the dollar match they will provide.

p._____ E. Sources and type of in-kind match.

p._____ F. Sources and stipulations of other grants and/or loans including interest rates and term..

III. Are all costs included in the budget?

p._____ A. DNRC will make a grant award as a percentage of the costs indicated. If the scope of the project is reduced then DNRC's grant award will be reduced. Indicate whether there may be other costs that as yet have not been determined.

IV. Outline the spending plan.

p._____ A. What are the costs of key elements of the proposed project; like planning, design, construction, and commissioning? What funding sources will be used to fund each element?

p._____ B. Provide a schedule of anticipated income and expenditures. Show that revenues earned will be available when needed or show sources of interim financing. Include financing costs in the budget.

V. Explain the total budget.

p._____ A. Describe project specific costs. This description should relate directly with the budget forms provided at the end of this section. Indicate the factors used to calculate the costs and describe the sources and dates the estimates were generated. All project specific costs should be discussed, not just costs that will be funded by a Renewable Resource grant or loan. This information will form the basis for the budget section in the contract between the applicant and DNRC if a grant is awarded. All assumptions used to estimate costs must be discussed.

(1) Contract Administration: As the budget tables indicate, these costs include salaries, contracted services, and associated costs of administrating the proposed project. The applicant must demonstrate that these cost are in addition to general program costs.

(2) Professional and Technical Costs: Contracted services costs for professional services should be included in this category. Examples include the cost of hiring an engineer, researcher, or attorney. These costs must be project specific.

(3) Construction Costs: These costs include costs of construction, equipment purchase, land, structures, or materials. Enough information must be provided to clearly show how these cost estimates were developed. Again, these costs must be project specific. The discussion should describe unit costs where applicable. Estimates of construction costs should include a 10 percent contingency factor to protect against cost overruns. An inflation factor may be included, and must be identified as such on the budget forms. Account for any time lapses between project approval and fund ing so that an inflation contingency may ensure that funds are sufficient to complete the project.

p._____ B. Describe the sources and dates estimates were generated.

p._____ C. If another application has been submitted to a funding agency with either greater or lessor project costs represented, explain the discrepancy.

p._____ D. Provide the preliminary cost estimate used to evaluate each of the alternatives not selected.

FINANCIAL FEASIBILITY NARRATIVE

(Use additional pages as needed)

APPLICANT NAME:

PROJECT TITLE:

FINANCIAL FEASIBILITY NARRATIVE:

INSTRUCTIONS FOR BUDGET

Complete one set of budget forms to indicate the details of the total estimated project cost. Show only those costs that you will document later during project implementation. Include only costs directly related to the project. Costs which will occur whether or not this project is implemented may not be included in this budget or attributed to the project, although they may support the project indirectly.

One column must be used for each sponsor and for each type (grant or loan) of funding. Add more columns if you need them. Place the name of contributors from other sources in the "Other" columns. If all sources of funds are not secured, label one column "Unknown". The sum of the totals of each column must equal the total estimated project cost.

Budget amounts from the following Budget Forms will be used to complete Step 2: Project Data forms beginning on page 11, and will be used in the assessment of the project's economic feasibility.

BUDGET FORMS

I. CONTRACT ADMINISTRATION

A. Employees & Contracted Personnel Position Titles

(list is only an example)	DNRC GRANT	DNRC LOAN	PROJECT SPONSOR	OTHER: _____ (specify)	OTHER: _____ (specify)	OTHER: _____ (specify)	TOTAL
Administrator/Manager	$	$	$	$	$	$	$
Accountant	$	$	$	$	$	$	$
Attorney	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
Fringe Benefits	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
SUBTOTAL Salaries and Benefits **A.**	$	$	$	$	$	$	$

B. Associated Costs

Office Rent	$	$	$	$	$	$	$
Equipment Rent or Lease	$	$	$	$	$	$	$
Equipment Purchase	$	$	$	$	$	$	$
Utilities	$	$	$	$	$	$	$
Communications	$	$	$	$	$	$	$
Supplies	$	$	$	$	$	$	$
Travel	$	$	$	$	$	$	$
Other (specify)	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
SUBTOTAL Associated Costs **B.**	$	$	$	$	$	$	$
TOTAL CONTRACT ADMINSTRATION COSTS(**A+B**)	$	$	$	$	$	$	$

II. PROFESSIONAL/TECHNICAL COSTS

C. Employees & Contracted Personnel Position Titles

(list is only an example)	DNRC GRANT	DNRC LOAN	PROJECT SPONSOR	OTHER: (specify)	OTHER: (specify)	OTHER: (specify)	TOTAL
Project Manager	$	$	$	$	$	$	$
Hydrologist	$	$	$	$	$	$	$
Soils Engineer	$	$	$	$	$	$	$
Inspector	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
Fringe Benefits	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
SUBTOTAL Salaries and Benefits **C.**	$	$	$	$	$	$	$

D. Associated Costs

Laboratory Costs	$	$	$	$	$	$	$
Travel	$	$	$	$	$	$	$
Communications	$	$	$	$	$	$	$
Printing	$	$	$	$	$	$	$
Supplies	$	$	$	$	$	$	$
Equipment Rent, Lease	$	$	$	$	$	$	$
Other (specify)	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
SUBTOTAL Associated Costs **D.**	$	$	$	$	$	$	$
TOTAL PROFESSIONAL/ TECHNICAL COSTS(**C+D**)	$	$	$	$	$	$	$

III. CONSTRUCTION COSTS

(list is only an example)	DNRC GRANT	DNRC LOAN	PROJECT SPONSOR	OTHER: _____ (specify)	OTHER: _____ (specify)	OTHER: _____ (specify)	TOTAL
Labor	$	$	$	$	$	$	$
Equipment	$	$	$	$	$	$	$
Land/structure Purchase	$	$	$	$	$	$	$
Materials	$	$	$	$	$	$	$
Other (specify)	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
	$	$	$	$	$	$	$
SUBTOTAL Construction Costs	$	$	$	$	$	$	$
Contingency for Unexpected Costs (10%)	$	$	$	$	$	$	$
TOTAL CONTRACT ADMINSTRATION COSTS **E.**	$	$	$	$	$	$	$

IV. PROJECT COSTS

	DNRC GRANT	DNRC LOAN	PROJECT SPONSOR	OTHER: _____ (specify)	OTHER: _____ (specify)	OTHER: _____ (specify)	TOTAL
TOTAL FROM I. **(A+B)**	$	$	$	$	$	$	$
TOTAL FROM II. **(C+D)**	$	$	$	$	$	$	$
TOTAL FROM III. **(E)**	$	$	$	$	$	$	$
TOTAL PROJECT COST **(A+B+C+D+E)**	$	$	$	$	$	$	$

INSTRUCTIONS FOR AFFORDABILITY DATA

If the type of project you propose is listed below under item I. or II. or is similar to the projects listed under items I. or II., you must provide affordability data for your project. To guide you in the preparation of the information required, forms have been developed and are contained in this application. Select form I, *Montana Community Infrastructure Facilities Financial Information Form* for projects of the type listed in item I. Select form II, *Montana Agricultural Irrigation Works and Private Land Management Financial Information Form* for projects of the type listed in item II.

If the type of project you propose is listed or is similar to projects listed below under item III or IV do not complete the forms in this section. No form has yet been developed to assess the affordability of projects in items III and IV. You may however be asked to provide information to the ranking team during the application review phase.

I. Montana Community Infrastructure Facilities - including projects to construct and/or design:

Community drinking water systems;
Sewer systems;
Solid waste/landfill; and
Other resource-related infrastructure projects.

II. Montana Agriculture Irrigation Works and Private Land Management Projects - including projects to design and/or construct:

Irrigation canals, laterals, drains, and syphons;
Erosion control efforts;
Water-use measuring devices;
Chemical input reduction efforts; and
Salinity control projects.

III. Public Lands Resource Projects - including:

Streambank stabilization projects;
Erosion control efforts;
Non-point source pollution control strategies;
Forestry management practices;
Recreation developments; and
Salinity control projects.

IV. Public Resource Planning, Assessment, and Education Efforts - including:

Design feasibility studies;
Research;
Resource assessment studies; and
Public education programs.

I. MONTANA COMMUNITY INFRASTRUCTURE FACILITIES FINANCIAL INFORMATION FORM - For community water, sewer, or other resource related infrastructure projects.

PURPOSE

This form will be utilized to evaluate applications for financial assistance from three Montana public facility funding programs: the ***Community Development Block Grant Program*** and ***Treasure State Endowment Program*** administered by the Department of Commerce and the ***Renewable Resource Grant and Loan program*** administered by the Department of Natural Resources and Conservation. The information requested allows the applicant to demonstrate the community's need for the public funds requested. The information is also crucial for the funding program's assessment of the applicant's need for financing in comparison to other applicants. Public funds are very limited and, thus, must be distributed to achieve the greatest public benefit. The agency must determine the financing "gap" (the shortfall between the funds the applicant can reasonably provide and the total cost of the project). **The funding agency will strive to award the minimum amount of funds necessary to complete a project that will achieve a reasonably affordable annual cost for the citizens affected.** This approach allows the most efficient expenditure of public funds and allows the funding of more projects for more communities.

INSTRUCTIONS FOR COMPLETING FORM

This form must be completed by each applicant for funding in order to help state agencies evaluate the applicant's need for assistance. The form is divided into two separate parts, as follows:

> Part 1, **Current Financial Information**, relates to an applicant's current financial situation and existing household user charges for water, sanitary sewer, solid waste disposal, storm sewer, and other services, regardless of the type of project being considered.
>
> Part 2, **Proposed Funding**, relates to an applicant's projected costs and financial impacts related to the actual, specific utility, or facility proposed to be assisted with state or federal funds.

Please fill in the information requested in the spaces provided. The information should be based on Fiscal Year 1993 records. Much of the information requested is included in the local government's most recent *Annual Financial Report submitted to the Department of Commerce for Fiscal Year 1993.*

MONTANA COMMUNITY INFRASTRUCTURE FACILITIES FINANCIAL INFORMATION FORM

Name of Applicant _____

Type of Project (water, sanitary sewer, solid waste, storm sewer, etc.) _____

_____

PART 1. CURRENT FINANCIAL INFORMATION

A. Type of Applicant. Indicate the type of entity applying (check box).

☐ 1. Cities, towns, or consolidated governments.
☐ 2. County, if a county-wide project.
☐ 3. Water, sewer, solid waste, or other, if applicable.

B. Taxable Property. The assessment books showing the value of the taxable property in our jurisdiction (City, County, County Water or Sewer District, Irrigation District) as determined by the most recent assessment for state and county taxes, and corrected by the Department of Revenue in the year 19___, are kept and maintained in our office and show the full cash value and the taxable or assessed value of said property as follows:

	Market Value	Assessed or Taxable Value
Real Property	$ _____	$ _____
Personal Property	$ _____	$ _____

C. Outstanding Debt (Short and Long Term) and Cash Reserves.

1. General Obligation:
   Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
   Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
   Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
   Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____

2. Revenue:
   Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
   Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
   Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
   Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____

D. Non-Obligated Cash Reserves. If applicable, state the amount of any non-obligated local government cash reserves exceeding $25,000 or more which the applicant currently holds in certificates of deposits, trust funds, or other similar investment accounts.

_____

_____

_____

E. Special Improvement Bonds. List any outstanding special improvement bonds or warrants and the funds on hand for payment of the bonds or warrants.

Nature of Improvement	Amount Outstanding	Cash on Hand

F. Pending Litigation. An authorized agent representing the applicant governmental agency must by his/her signature indicate that the applicant is not subject to any pending litigation.

Certification of No Pending Litigation.

There is no litigation threatened or pending questioning the organization boundaries of _____ (applicants name) or questioning the right and power of the applicant and its officers to issue bonds for any purpose or to levy, collect, and apply taxes or other revenues for the payment of any bonds of the jurisdiction.

Applicant Name _____

Date _____ Authorized Representative _____ (signature)

Title _____

G. Existing Residential Household User Charges. (Use form on next page). Existing average monthly residential service charge or assessment per household for water, sanitary sewer, solid waste, and storm sewer system. **Information is requested from all applicants regardless of the specific facility proposed to be assisted.** Existing rates must be based on average monthly charges for residential households. The average monthly charge must be calculated based upon the total monthly city-wide or district-wide revenues for the utility divided by the total number of residential housing units served. The charges represented should include debt service and day-to-day operation and maintenance charges, but must exclude any charges to fund reserves for depreciation or capital replacement. (Do not include commercial, industrial, or institutional rates in these calculations.)

1. Water Rate Information (complete for community infrastructure projects).

Total Monthly System Residential User Revenues: $_____

Total Number of Residential Housing Units Served: _____

Average Monthly Residential Household Charge: $_____

$$\frac{\text{Total Monthly Residential Revenues}}{\text{Number of Housing Units Served}}$$

Portion of Average Monthly Residential Charge Devoted to:

Debt Service: $_____

Operation & Maintenance: $_____

Other Charges (Specify): _____

_____

_____ $_____

2. Sanitary Sewer Rate Information (complete for community infrastructure projects).

Total Monthly System Residential User Revenues: $_____

Total Number of Residential Housing Units Served: _____

Average Monthly Residential Household Charge: $_____

$$\frac{\text{Total Monthly Residential Revenues}}{\text{Number of Housing Units Served}}$$

Portion of Average Monthly Residential Charge Devoted to:

Debt Service: $_____

Operation & Maintenance: $_____

Other Charges (Specify): _____

_____

_____ $_____

3. Solid Waste Rate Information (complete for community infrastructure projects).

Total Monthly System Residential User Revenues: $_____

Total Number of Residential Housing Units Served: _____

Average Monthly Residential Household Charge: $_____

$$\frac{\text{Total Monthly Residential Revenues}}{\text{Number of Housing Units Served}}$$

Portion of Average Monthly Residential Charge Devoted to:

Debt Service: $_____

Operation & Maintenance: $_____

Other Charges (Specify): _____

_____

_____ $ _____

4. Storm Sewer Rate Information (complete for community infrastructure projects).

Total Monthly System Residential User Revenues: $_____

Total Number of Residential Housing Units Served: _____

Average Monthly Residential Household Charge: $_____

$$\frac{\text{Total Monthly System Residential Revenues}}{\text{Total Number of Residential Housing Units Served}}$$

Portion of Average Monthly Residential Charge Devoted to:

Debt Service: $_____

Operation & Maintenance: $_____

Other Charges (Specify): _____

_____

_____ $ _____

H. Existing Special Property Assessments in Proposed Area. List all Special Improvement Districts (SIDs) or Rural Special Improvement Districts (RSIDs) in the proposed project area, even if the district is located only partially within the project area. Complete this section only if property assessments will be used to repay the loan (SIDs, RSIDs, general obligation bonds). Include a map of each SID listed that shows the boundaries of the SID and the project area.

1. Type of Special Property Assessment	Rate	Current Number of Properties	Current Annual Revenues	Projected Number of Properties	Projected Annual Revenues
a. SIDs	____	_____	_____	_____	_____
b. RSIDs	____	_____	_____	_____	_____
c. Fire Districts	____	_____	_____	_____	_____
d. Other	____	_____	_____	_____	_____

PART 2. PROPOSED FUNDING STRATEGY

A. Total of Project Funds. Attach a brief written statement describing the nature and status of each funding source included in the proposed funding strategy. For all loan funds include the interest rate and terms for the financing. The written statement should explain situations where the applicant is seeking the same level of grant funds from more than one agency.

Summarize below the funding strategy for the proposed project. Include funds to be supplied by applicant, and all other local, state, and federal grant and loan funds:

Column 1 Source:	**Column 2** Amount:	**Column 3** Form: (Grant or Loan)	**Column 4** Level of Commitment: (Fully Committed/ Uncommitted)
a. _____	$ _____	_____	_____
b _____	$ _____	_____	_____
c _____	$ _____	_____	_____
d _____	$ _____	_____	_____
e _____	$ _____	_____	_____
TOTAL COST	$ _____		

B. Projected Residential Household User Charges Based Upon Proposed Funding Strategy. Calculate an average monthly user charge or assessment per residential household for the utility or facility, assuming the maximum amount of grant sources listed in **A.** above. Please calculate all loans and future debt charges based upon interest rates and terms applicable to the particular program from which assistance is being sought. Attach extra sheets showing all calculations to explain the basis for the projected user charges or assessments.

Debt Service:	$_____
Operation and Maintenance:	$_____
Other Charge (specify): _____	$_____
_____	$_____
Total Charge per Residential Household:	$_____

C. Projected Residential Household User Charges Should Uncommitted Funds Not Be Received. Calculate an average monthly charge or assessment per residential household for the utility or facility, assuming that all of the uncommitted funds listed in **A.** above are not received. **This information will allow state funding agencies to analyze the financial impact upon the applicant in the event the requested financial assistance is not received.** In order to provide a common basis for comparison of all applicants, please calculate all loans and debt service charges based upon a six percent annual interest rate over a 20-year term to finance the proposed project. Attach extra pages showing all calculations.

Debt Service:	$_____
Operation and Maintenance:	$_____
Other Charges (specify):_____	$_____
_____	$_____
Total Projected Charge per Residential Household:	$_____

D. Certification. An authorized agent representing the applicant governmental agency must by his/her signature indicate that the information provided herein is accurate.

Certification of accuracy.

I certify that the information submitted in this Montana Community Infrastructure Facilities Financial Information Form is correct to the best of my knowledge.

Applicant Name _____

Date _____ Authorized Representative _____
(signature)

Title _____

II. MONTANA AGRICULTURAL IRRIGATION WORKS AND PRIVATE LAND MANAGEMENT FINANCIAL INFORMATION FORM - **For irrigation canals, laterals, drains and syphons, erosion control, water-use measurement, chemical input reduction, salinity control, or other resource related agricultural projects.**

PURPOSE

This form will be used by financial reviewers to prepare a project funding evaluation. Information may duplicate information found elsewhere in this application. Please provide all information indicated because the reviewer may not have access to the other information in your application when the financial recommendation is developed.

Complete this form if grant and/or loan funds for an agriculture-related construction or rehabilitation project are requested. Irrigation district or conservation district applicants are those typically seeking agriculture-related funds for rehabilitation projects. Others, including state government and university system applicants seeking funds for research, planning, assessment, or education projects should not complete this form.

INSTRUCTIONS FOR COMPLETING FORM

The information on this form will be used to evaluate the need for public assistance. Include financial information related to the project system or lands to be improved. Thus, if improvements will be made to systems or lands owned or leased by a users group that is not a governmental entity but is sponsored by a conservation district, county, or other eligible applicant, information about the user's and the sponsor's financial condition must be included.

The form is divided into two separate parts, as follows:

Part 1, **Current Financial Information**, A summary of debt and income from existing user charges, assessments, and fees, will be evaluated to determine the user's and sponsor's ability to pay for the project proposed, and

Part 2, **Proposed Funding**, relates to an applicant's estimate of project costs related to the specific project proposed for state or federal funding and financial impacts the sponsor and users are likely to bear to pay for the project.

Provide all information requested in the spaces provided below; if the information does not apply to your project indicate "not applicable". The information should be based on Fiscal Year 1993 records.

MONTANA AGRICULTURAL IRRIGATION WORKS AND PRIVATE LAND MANAGEMENT FINANCIAL INFORMATION FORM

Name of Applicant _____

Type of Project (irrigation system, agriculture water, land, or other resource management)

_____

Key Beneficiaries (irrigation district, water district, users association, non-profit, general public, other)

Example:

Big Ditch Water User's

_____

_____

PART 1. CURRENT FINANCIAL INFORMATION

A. Taxable Property. The assessment books showing the value of the taxable property in our jurisdiction as determined by the most recent assessment for state and county taxes, and corrected by the Department of Revenue in the year 19___, are kept and maintained in our office and show the full cash value and the taxable or assessed value of said property as follows:

	Market Value	Assessed or Taxable Value
Real Property	$ _____	$ _____
Personal Property	$ _____	$ _____

B. Outstanding Debt (Current Plus Outstanding) and Cash Reserves. Conservation Districts, Private Associations, and Non-Profits will not have any debt secured with bonds; indicate if the users, as an association, incurred any debt with other security.

1. Revenue:

Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____

2. Irrigation Bond:

Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____
Year Issued:_____ Purpose:_____ Amount: $_____ Maturity Date:_____ Amount of Payment:_____

3. Cash Reserves in compliance with bond purchase agreements above:

Bond Issue:_____ Amount: $_____
Bond Issue:_____ Amount: $_____
Bond Issue:_____ Amount: $_____
Bond Issue:_____ Amount: $_____

C. Non-Obligated Cash Reserves. If applicable, state the amount of any non-obligated cash reserves, exceeding $25,000 or more, which the applicant currently holds.

_____

_____

_____

D. Special Improvement Bonds. Our jurisdiction had outstanding special improvement bonds or warrants, and had funds on hand for payment of the bonds or warrants as follows:

Nature of Improvement	Amount Outstanding	Cash on Hand
_____	_____	_____
_____	_____	_____
_____	_____	_____

E. Pending Litigation. An authorized agent representing the applicant governmental agency must by his/her signature indicate that the applicant is not subject to pending litigation.

Certification of No Pending Litigation.

There is no litigation threatened or pending questioning the organization boundaries of _____ (applicants name) or questioning the right and power of the applicant and its officers to issue bonds for any purpose or to levy, collect, and apply taxes or other rev enues for the payment of any bonds of the jurisdiction.

Applicant Name _____

Date _____ Authorized Representative _____ (signature)

Title _____

F. Existing Assessments, Fees, or User Charges. Name the facilities serving those for whom funds are sought. For an irrigation district, name the system of canals, ditches, and laterals that serves the district and for which assessments are charged. For a joint board of control, name each district and the number of users each serves. For a conservation district that seeks funds for a users association or non-profit, also name the system serving the users or any agriculture services for which fees are charged, like fees charged by a weed control district.

Example:		**Per unit**	**Per Unit**
System Big Ditch	**No. Served 30**	**Assessment: $16.00/acre**	**Increase: $ 4.00/acre**
System _____	No. Served ____	1993 Per Unit Assessment: $ __/____	Per Unit Increase: $ __/____
System _____	No. Served ____	1993 Per Unit Assessment: $ __/____	Per Unit Increase: $ __/____
System _____	No. Served ____	1993 Per Unit Assessment: $ __/____	Per Unit Increase: $ __/____
System _____	No. Served ____	1993 Per Unit Assessment: $ __/____	Per Unit Increase: $ __/____
System _____	No. Served ____	1993 Per Unit Assessment: $ __/____	Per Unit Increase: $ __/____
System _____	No. Served ____	1993 Per Unit Assessment: $ __/____	Per Unit Increase: $ __/____

G. Predominant Crops. For agriculture projects, indicate the predominant crop or crops produced in the area served by the project, the estimated 1993 per crop acre yield, and the unit and per unit crop price received in 1993. Use County ASCS Agricultural statistics unless better information is available.

CROP	AVERAGE YIELD PER ACRE	EST. NUMBER OF ACRES	'93 PRICE PER UNIT	GROSS VALUE
			$	$
			$	$
			$	$
			$	$
			$	$
			$	$
TOTAL			$	$

Acreage by Type. Provide an estimated percentage of the acreage in the district or project area within the district by type of ownership: individual or family farm, family-held corporations, public corporations, or partnerships.

TOTAL ACRES	INDIVIDUAL OR FAMILY FARMS		FAMILY-HELD CORPORATION		PUBLIC CORPORATION		PARTNERSHIPS	
	ac	%	ac	%	ac	%	ac	%

H. Existing Special Property Assessments in Proposed Area. List all Special Improvement Districts (SIDs) or Rural Special Improvement Districts (RSIDs) in the proposed project area, even if the district is located only partially within the project area. Complete this section only if property assessments will be used to repay the loan, (SIDs, RSIDs, or general obligation bonds). **Include a map of each SID listed that shows the boundaries of the SID and the project area.**

Type of Special Property Assessment Rate Revenues	Current Number of Properties	Current Annual Revenues	Projected Number of Annual Properties
1. SIDs			
2. RSIDs			
3. Fire Districts			
4. Other			

PART 2. PROPOSED FUNDING STRATEGY

A. Total Mix of Project Funds. Attach a brief written statement describing the nature and status of each funding source included in the proposed funding strategy. Include funds to be supplied by applicant, and all other local, state, and federal grant or loan funds.

	Source	Amount	Form (Grant or Loan)	Level of Committment (Fully Committed/ Uncommitted)
a.	_____	$_____	_____	_____
b.	_____	$_____	_____	_____
c.	_____	$_____	_____	_____
d.	_____	$_____	_____	_____
e.	_____	$_____	_____	_____

TOTAL PROJECT COST $ _____

B. Projected Charges Based Upon Proposed Funding Strategy. Calculate an average fee or assessment per acre for irrigation improvements as well as any fees for participation, assuming the maximum amount of grant sources listed in **A.** above. Calculate all loans and future debt charges based upon interest rates and terms applicable to the particular program from which assistance is being sought. Attach extra sheets showing all calculations to explain the basis for the projected user charges or assessments.

Debt Service:	$_____
Operation and Maintenance:	$_____
Other Charge (specify):_____	$_____
Total Charge per Acre:	$_____

C. Projected User Charges Should Uncommitted Funds Not Be Received. Calculate an average charge or assessment per user or participant, assuming that all of the uncommitted funds listed in **A.** above are not received. This information will allow DNRC to analyze the financial impact upon the applicant in the event the requested financial assistance is not received. In order to provide a common basis for comparison of all applicants, please calculate all loans and debt service charges based upon a six percent annual interest rate over a 20-year term to finance the proposed project. Attach extra pages showing all calculations.

Debt Service:	$_____
Operation and Maintenance:	$_____
Other Charges (specify):_____	$_____
Total Projected Charge per Residential Household:	$_____

D. Certification. An authorized agent representing the applicant governmental agency must by his/her signature indicate that the information provided herein is accurate.

Certification of accuracy.

I certify that the information submitted in this Montana Agricultural Irrigation Works and Private Land Management Financial Information Form is correct to the best of my knowledge.

Applicant Name _____

Date _____ Authorized Representative _____
(signature)

Title _____

STEP 6: FINANCIAL DOCUMENTATION

Instruction Sheet

☑ Submit through documentation to support the financial feasibility of the proposed project.

I. If you applied to other funding agencies for grant and/or loan funds provide:

☐ A. Copies of cover letters sent with applications to show the date of your application.

☐ B. An indication of the date a funding decision is expected, and whether you requested a grant or a loan.

☐ C. If funding has been secured, a copy of the notice of award.

II. If other agencies, associations or individuals will contribute project dollar or in-kind match provide:

☐ A. Copies of correspondence to show the date assistance was requested, the type of assistance (whether dollar or in-kind match), and the amount.

☐ B. An indication of the date a funding decision is expected, and whether an agreement will be issued.

☐ C. If funding has been secured, copies of correspondence documenting funding commitments and type of funds, along with arrangements for documenting these contributions.

☐ **III. Include budget documents that show any local fund reserves you plan to use, or any resolutions agreeing to establish Special Improvement Districts (SIDs) or Rural Improvement Districts (RIDs), to issue revenue bonds, or to hold a bond election.**

☐ **IV. Provide the most current rate and assessment schedule for your project.**

☐ **V. Provide maps of all SIDs and RIDs described in the Rate and Assessment Information Sheet.**

☐ **VI. For the system you want to finance, provide a copy of the adopted current budget that shows all anticipated costs and revenues.**

STEP 7: ECONOMIC FEASIBILITY NARRATIVE

Instruction Sheet and Checklist

INSTRUCTIONS FOR ECONOMIC FEASIBILITY NARRATIVE

Projects financed with Renewable Resource Gant and Loan program funds must be economically feasible. To be economically feasible means that the measurable benefits of a project exceed its measurable costs. Only quantifiable benefits and costs are to be considered in the calculation of economic feasibility. In your application, you must demonstrate that the measurable benefits of the proposed project exceed its measurable costs. A project is more economically feasible when the margin between the project benefits and its costs becomes greater.

To be economically feasible means the measurable benefits of a project must exceed its measurable costs.

To demonstrate the technical feasibility of your proposed project, you discussed the technical aspects of the proposed project and its alternatives. Here, the relative costs and benefits of the proposed project and its alternatives must be discussed. Of the alternatives analyzed, the proposed project should be the alternative that will provide the greatest net benefits (value of benefits minus value of costs). Immediate and on-going direct and indirect costs and benefits must be included in the calculation of net benefits. A project with slightly greater up-front costs and substantially lower operating costs may be more feasible than the alternative where construction costs are slightly lower but annual operating costs are high, assuming all other costs and benefits are equal. If the proposed project is not the alternative with the greatest net benefits, the selection of a less economically feasible alternative must be defended.

Of the alternatives analyzed, the proposed project should be the alternative that will provide the greatest net benefits.

One reason to select a less economically feasible option would be that the funding is not available to finance an alternative with greater net benefit. For example, if a community of 800 households, with projected growth to 2,000 households in 25 years, seeks to construct a new water system the existing community may not have the financial capacity to pay the cost of a system that will meet the future needs of the community. In the long term the benefits would be greater, and the per household cost would be less to install a larger capacity system now. An affordable lower cost system to meet the community's current needs may be the only financially feasible option.

An affordable lower cost system to meet the community's current needs maybe the only financially feasible option.

Another reason to select an alternative with less net benefits would be because the access needed or permits that would be required to implement the most economically feasible alternative may not be obtainable. In other words, sometimes the most economically feasible project is not clearly technically feasible.

Sometimes the most economically feasible project is not technically feasible.

Some projects seek to implement standards required by law. Although one benefit of responding to a legal order might be the avoidance of substantial fines, other benefits may be difficult to quantify. For example, many communities are required to improve existing drinking water systems to meet current EPA clean drinking water standards. Sometimes the costs of meeting these standards, particularly in small rural communities, may seem to outweigh the direct benefits. In the case where standards are mandated by law, DNRC will not require the applicant to calculate the net benefits. In these cases, the applicant must only demonstrate that the proposed project is the least cost alternative that meets the mandated standards. Calculate the immediate and future

In the case where standards are mandated by law, DNRC will not require the applicant to calculate the net benefits.

direct and indirect costs associated with the alternatives and proposed project presented in the application.

Assessment of Project Cost - In the narrative, first describe and quantify the direct costs of the proposed project and each alternative. Direct costs are those monetary and non-monetary costs that accrue to the applicant, a targeted group of people, and/or the resources which are affected by the project. For example, the direct costs of a project to secure a streambank against further erosion include the budgeted design and construction costs, financing costs, and the on-going costs of maintenance (if any), plus the cost of any impacts that may occur during or after project construction, like disruption of wildlife habitat or loss of stream access. If other project related costs will be incurred to secure the intended on-going project benefits, include these in your total cost assessment. Calculate a total direct cost for each technical alternative.

Direct costs are those monetary and non-monetary costs that accrue to the applicant, a targeted group of people, and/or the resources which are affected by the project.

Describe and quantify the indirect costs of the proposed project and its alternatives. In this context "indirect costs" refer to costs or impacts that result from the implementation of the project. In this section "indirect costs" do not refer to overhead costs. In this context, indirect costs of the proposed project and its alternatives accrue to the general public and resources of the state which are affected by the project but are not specifically targeted. For a project to secure a streambank against further erosion, there may be no indirect costs. Other projects may have significant indirect costs. For example, increased water storage may disrupt wildfowl habitat along the water's edge of a storage reservoir. Repairs to improve irrigation systems might result in less wetland habitat. Calculate a total indirect cost for each technical alternative and combine these costs with the total direct cost.

"INDIRECT COSTS" refer to costs or impacts that result from the implementation of the project.

Assessment of Project Benefits - Describe and quantify direct benefits that will be associated with the proposed project and its alternatives and the likelihood that the benefits will occur. Include the revenue that will be generated from fees for services or marketable products. Indicate the number of users, in terms of households, currently served and the number to be served as a result of the project. Like direct costs, direct benefits are those monetary and non-monetary benefits that accrue to the applicant, a targeted group of people and/or the resources which are affected by the project. For example, if there is a leaking irrigation system that requires water users to purchase more water to account for transmission losses and a grant is sought to line the system and eliminate seepage, the direct benefits of the project come from improved water-use efficiency and savings of water that is currently taken out of a stream. Reduced costs for the water used for irrigation and greater instream flow for other uses would result.

Like direct costs, direct benefits are those monetary and non-monetary costs that accrue to the applicant, a targeted group of people and/or the resources which are affected by the project.

The Renewable Resource Grant and Loan program exists to measurably conserve, manage, develop, and enhance the renewable resources of the state.

The Renewable Resource Grant and Loan program exists to measurably conserve, manage, develop, and enhance the renewable resources of the state. Discuss the resource targeted by your project and quantify the conservation, management improvements, development, or enhancement that will result in your economic feasibility narrative. For example, if you propose to enclose an irrigation ditch in pipe, center your narrative on the conservation of water that will result from reduced evaporation and seepage. Improved human safety will also be achieved because the ditch will be enclosed but safety is not a benefit that is identified in the program purpose. Although benefits that are beyond the purpose of the program may be included in your economic feasibility assess-

ment, these will not be credited in the ranking of your project for program funding.

Also describe and quantify the indirect benefits of the proposed project and its alternatives. As you would expect, indirect benefits accrue to the general public and resources of the state which are affected by the project but are not specifically targeted. For the irrigation ditch lining project, indirect benefits may be that increased flows in the river would increase hydropower at downstream dam sites. These benefits are not the target of the project but would occur if the water saving project were implemented.

Show all costs and benefits in terms of their present value. Calculate direct and indirect costs using the value of these costs today. Calculate the value of benefits at today's value also. Do not try to estimate inflation when calculating values of costs and benefits over the life of the project.

Evaluate the costs and benefits for only the proposed project scope and its alternatives as presented in the technical narrative. A multi-phased project will include costs that may be incurred before or after the project targeted in this proposal. Costs and benefits associated with other phases must not be presented. Costs included in an applicant's annual operating budget and that will be incurred regardless of whether or not the project is implemented should not be included in the economic assessment. These program costs are those that are to be identified in your budget narrative but are not to be included in your budget proposal.

Costs and benefits associated with other phases must not be presented.

For the no-action alternative, assume that no benefits will be achieved. Determine each of the costs of not implementing the proposed project and alternatives presented. For example, if the proposed project responds to current standards, indicate the fines and potential liability associated with non-implementation. Indicate the costs to consumers to obtain needed services and the sum of these costs. For a proposed sewer system, the costs would be for septic systems for current and future consumers. For irrigation systems, costs might be lost crop production. Provide case-study scenarios of the negative health or environmental impacts of no action. If, as an example, current water quality will have negative health impacts over the lifetime of local residents, identify the statistical likelihood that the impacts will occur and the costs that will result.

For the no-action alternative assume that no benefits will be achieved.

Indicate how the benefits and costs of the project will be measured to document impact. Impacts must be evaluated and the results included in a final project report. Any results that cannot be measured must not be claimed. Numbers of people served are clearly measurable. Future numbers that might be served are conjecture and cannot be measured. Improving public awareness or attitudes may be appropriate goals but seldom can it be shown that these goals are met.

Impacts must be evaluated and the results included in a final project report.

ECONOMIC FEASIBILITY CHECKLIST

Page no. For each item below indicate the page number in your application where the corresponding information can be found.

I. For each of the alternatives discussed in your technical narrative, calculate the value of the direct monetary and non-monetary costs. Include for each calculation:

p._____ A. Total cost including labor, materials, and other costs that would be included in the project implementation budget.
p._____ B. Financing costs.
p._____ C. Operation and maintenance costs.
p._____ D. Other on-going costs that are necessary to ensure that the benefits continue to accrue over the projected useful life of the project.
p._____ E. Total direct costs for each alternative.

II. For each of the alternatives discussed in your technical narrative, calculate the value of the indirect monetary and non-monetary costs. Include for each calculation:

p._____ A. An explanation and estimate of the value of each indirect cost likely to result from the implementation of the project proposed and its alternatives.
p._____ B. Total indirect cost.

III. Calculate the value of the direct monetary and non-monetary benefits associated with the proposed project and its alternatives. Include for each calculation:

p._____ A. Fees, taxes, or other revenues that will be collected for services provided by the project.
p._____ B. Any increased profits resulting from the services provided by the project.
P._____ C. The value of resource conservation, management, development, or other enhancement to show a measurable resource benefit.
p._____ D. Other on-going benefits that will be secured for the applicant by the proposed project and its alternatives.

IV. Calculate the value of the indirect monetary and non-monetary benefits associated with the proposed project and its alternatives. Include for each calculation:

p._____ A. An explanation and estimate the value of each indirect benefit likely to result from the implementation of the project proposed and its alternatives.
p._____ B. Total value of indirect benefits.

V. Describe how the costs and benefits of the project will be assessed and documented. Documentation of the benefits of the project must be included as an element of the final report.

p._____ A. Provide a proposed evaluation plan.

ECONOMIC FEASIBILITY NARRATIVE

(Use additional pages as needed)

APPLICANT NAME: _____

PROJECT TITLE: _____

ECONOMIC FEASIBILITY NARRATIVE: _____

STEP 8: PUBLIC BENEFITS NARRATIVE

Instruction Sheet and Checklist

INSTRUCTIONS FOR NARRATIVE

Grant funding proposals are ranked according to the benefits that will result. DNRC is constrained by statute (law) in ranking grant projects and must only consider the benefits identified in the law. Thus, a project that would address health and safety issues would not receive ranking points unless it also provided other statutory benefits like resource conservation. Benefits that are to be achieved are those described in Title 85, Chapter 1, Part 96 of the Montana Code Annotated. The statute reads as follows:

Grant funding proposals are ranked according to the benefits that will result.

85-1-602. Objectives.
(1) The Department (of Natural Resources and Conservation) shall administer a renewable resource grant and loan program to enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources. Either grants or loans may be provided to fund the following:
(a) feasibility, design, research, and resource assessment studies;
(b) preparation of construction, rehabilitation, or production plans; and
(c) construction, rehabilitation, production, education or other implementation efforts.
(2) Projects that may enhance renewable resources in Montana include but are not limited to:
(a) development of natural resource-based recreation;
(b) development of offstream and tributary storage;
(c) improvement of water use efficiency, including development of new, efficient water systems, rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required under 85-2-113; and development of state-tribal, state-federal, and state-tribal-federal water projects; and
(d) advancement of farming practices that reduce agricultural chemicaluse
(3) The renewable resource grant and loan program is the key implementation portion of the state water plan and must be administered to encourage grant and loan applications for projects designed to accomplish the objectives of the plan."

Benefits that are to be achieved are those described in Title 85, Chapter 1, Part 96 of the Montana Code Annotated.

Clearly describe the measurable benefits that will be achieved by your project if grant funding is desired (loan-only proposals may opt not to prepare a public benefits narrative). Describe first, the benefits that are prescribed in statute. Then, if you so desire, describe other benefits that also will be achieved. Use the following outline to plan your public benefits narrative. You need not follow the outline if you have already prepared other information. Use the outline as a checklist to ensure that nothing has been omitted from your discussion; add any needed information outlined. Enough information is needed to determine that the benefits claimed will actually be achieved and can be measured. Indicate the page number where the specific information may be located in your proposal. If you do not provide enough information, your application may be rejected, or DNRC may contact you to require additional information and documentation before review of your proposal continues.

Describe the benefits that are prescribed in statute first.

If objective studies have been completed to assess your project and its potential benefits, provide copies of these studies as attachments and indicate the page numbers that refer to the benefit cited. If studies have not been conducted, describe the process you used to assess the benefits of your project.

PUBLIC BENEFITS CHECKLIST

Page No. For each item below indicate the page number in your application where corresponding information can be found. If the information does not apply to your project, indicate N/A.

I. Provide evidence that the project you propose will measurably enhance a renewable resource in Montana. Enhancement includes:

p._____ A. Conservation to ensure that resources of the state are put to optimum beneficial use and are not wasted.[1]

p._____ B. Management to secure maximum economic and social prosperity for the citizens of Montana.[2]

p._____ C. Development to protect existing uses and to assure adequate future supplies for domestic, industrial, agricultural, and other beneficial uses.[3]

p._____ D. Preservation to assure the on-going quality of Montana's renewable resources.

II. Describe the type of project that will be implemented to achieve the benefits indicated above.

p._____ A. Feasibility, design, research, and/or resource assessment study.

p._____ B. Preparation of construction, rehabilitation, or production plans.

p._____ C. Construction, rehabilitation, production, education, or other implementation effort.

III. Specify the renewable resource to be enhanced through your project. Renewable resources are those natural resources that, as a whole, are non-depletable if managed for proper use. Therefore, water, land, air, wildlife, waterfowl, recreational opportunities, energy from the sun, and with proper forest management, tree resources, are examples of natural resources that are considered renewable.

p._____ A. Type of resource enhanced.

p._____ B. Sensitivity to management.

p._____ C. Approach to enhancement.

IV. Proposals to implement priorities of the State Water Plan are encouraged. If applicable, describe your understanding of the State Water Plan and the steps your project will take to implement a water plan priority.

p. _____ A. Element of State Water Plan to be addressed.

p._____ B. Steps to implement State Water Plan.

[1] 85-1-101, MCA (1) The general welfare of the people of Montana, in view of the state's population growth and expanding economy, requires that water [and other renewable natural] resources of the state be put to optimum beneficial use and are not wasted. (Statement describes water conservation; amended to include all renewable resources).

[2] 85-1-101, MCA see (2) through (10) With respect to water, these statements give a general understanding of the elements of water management. For the purposes of the Renewable Resource Grant and Loan program the general principals serve as a guide in understanding the principals of resource management.

[3] 85-1-101, MCA (4) The development and utilization of water resources and the efficient, economic distribution thereof are vital to the people in order to protect existing uses and to assure adequate future supplies for domestic, industrial, agricultural, and other beneficial uses. (This description of development is used to clarify development in its application to renewable resources in general.)

PUBLIC BENEFITS NARRATIVE

(Should not exceed one page)

APPLICANT NAME: _____

PROJECT TITLE: _____

Number of Montanan's that will directly benefit from the project: _____

Number of Montanan's likely to benefit indirectly from the project: _____

PUBLIC BENEFITS NARRATIVE:

STEP 9: NEED AND URGENCY RANKING CRITERIA

Instruction Sheet and Checklist

Need and urgency ranking points are awarded only as a tie-breaker for top-ranked grant proposals and are based on the:

Need and urgency ranking points are awarded only as a tie-breaker

(1) immediacy of the problem compared to other proposals; and

(2) cost of delaying a solution.

Clearly describe the need and urgency that exists. Use the outline to plan your public benefits narrative. You need not follow the outline if you have already prepared other information or if your proposal is for loan funding only. If you have prepared information already, use the outline as a checklist to ensure that nothing has been omitted from your discussion. Enough information is needed to determine that the benefits claimed will actually be achieved and can be measured. Indicate the page number where the specific information may be located in your proposal. If you do not provide the needed information, your application may be rejected or DNRC may contact you to require additional information and documentation before review of your proposal continues. If you included information in your technical, financial, or public benefits narrative concerning need and urgency, it is unnecessary to restate this information. Refer to the information in those sections of your application by citing the respective page numbers.

NEED AND URGENCY CHECKLIST

Page No. For each item below indicate the page number in your application where corresponding information can be found. If the information does not apply to your project, indicate N/A.

p._____ A. Project complies with court order to overcome identified health hazard.
p._____ B. Project provides mitigation for adverse environmental conditions.
p._____ C. Applicant has a financial need demonstrated by the rate and fees in place for related community systems or services, community mils levied, or high debt/bond capacity ratio. Applicant is unable to provide additional funds.
p._____ D. Imminent threat to life or property exists without project.

NEED AND URGENCY NARRATIVE

(Should not exceed one page)

APPLICANT NAME: _____

PROJECT TITLE: _____

NEED AND URGENCY NARRATIVE:

STEP 10: ENVIRONMENTAL ASSESSMENT

Renewable Resource Grant and Loan projects are subject to the Montana Environmental Policy Act (MEPA) when permits from DNRC or other state agencies are required for project implementation. MEPA seeks to avoid or mitigate adverse impact on the environment by requiring careful consideration of the potential impacts of a proposed project. Applicants are encouraged to be sensitive to potential environmental impacts during the initial project planning stage in order to avoid problems that could delay or prevent project implementation. The Environmental Checklist must be completed by the applicant. DNRC will review the preparer's comments and prepare its own environmental assessment to determine whether further information is needed.

ENVIRONMENTAL CHECKLIST

APPLICANT NAME _____

PROJECT TITLE _____

POTENTIAL IMPACTS ON PHYSICAL ENVIRONMENT

(state whether adverse or beneficial)

	Major	Moderate	Minor	None	Unknown	Comments
1. Topography						
2. Geology: stability						
3. Soils: quality,quantity, distribution						
4. Water: quality, quantity, distribution						
5. Air: quality						
6. Terrestrial, avian & aquatic: species & habitats						
7. Vegetation: quantity, quality, species						
8. Agriculture, grazing, crops, production						
9. Unique, endangered, fragile, or limited environmental resources						
10. Demands on environmental resources of land, water, air, & energy						
11. Historical & archaeological sites						
12. Aesthetics						

POTENTIAL IMPACTS ON HUMAN ENVIRONMENT

(state whether adverse or beneficial)

	Major	Moderate	Minor	None	Unknown	Comments
1. Social structures & mores						
2. Cultural uniqueness, diversity						
3. Population: quantity & distribution						
4. Housing: quantity & distribution						
5. Human health & safety						
6. Community & personal income						
7. Employment: quantity & distribution						
8. Tax base: local & state						
9. Demand on Government services						
10. Industrial, commercial, & agricultural activities						
11. Recreation & wilderness						
12. Environmental plans & goals, local & regional						
13. Demands for energy						
14. Transportation networks & traffic flows						

List all groups or agencies contacted:

A. RENEWABLE RESOURCE GRANT AND LOAN PROGRAM APPLICATION PROCESS:

ADDITIONAL HELP SHEET - BUDGET CLUES

Costs that will occur whether or not the proposal is implemented are not to be included in the budget.

The budget you prepare for a Renewable Resource Grant and Loan program application should include all of the costs specifically related to the implementation of the project you propose. For multi-phased projects, include only the costs specifically related to the phase of the project to be funded with proposed grant funds. These are the costs that will only be incurred if the project is accomplished. Costs that will occur whether or not the proposal is implemented are not to be included in the project budget.

BUDGET PREPARATION:

To determine whether a cost is project specific or a general program cost the project sponsor must determine **how the costs will be accounted.** For example:

(1) if an agreement will exist between the applicant and another contributor to obtain special technical assistance and which will obligate the contributor to provide staff or provide other support to the project, and if the costs of these services have been budgeted and will be accounted separately along with other related costs like travel, then these costs may be considered a project specific dollar match. After the execution of a DNRC grant agreement, the documentation of these costs, as they are incurred, must be submitted to show the contributor's fulfillment of the financial obligation.

(2) if, as part of the contributor's program services or regulatory role, engineers are regularly employed to review plans and specifications submitted from time to time for client groups, including the applicant, salaries associated with these tasks would be program costs, not project specific costs.

To help you build a defensible budget, DNRC provides the following further definitions of program versus project specific costs:

Project Specific Costs are the only costs that may be reimbursed with grant and/or loan funds. Project specific costs are those related only to the proposed project and will not be incurred if the project is not implemented.

Project specific costs fall into three categories. Project specific costs are paid with grant dollars, match dollars, or with project specific non-dollar in-kind contributions.

(1) Grant and loan dollars are those contributed by DNRC through the Renewable Resource Grant and Loan program or by another funding agency through a grant or loan.

(2) Match dollars include project specific funds from the applicant or another contributor that are set aside in a separate category of an annual program budget for this and/or other similar types of projects. Except for the applicants own contribution of match dollars, match dollars may not be handled by the applicant. Instead the contributor may directly incur costs and

use project specific match dollars to pay for a share of project specific costs. Funds allocated to the project, including salaries, travel, communications, postage, consultants, construction materials, labor, and equipment must be accounted in a separate budget cost center and careful documentation of the expenditure of these funds must be maintained. Documentation of these expenditures will be provided to the applicant by each contributor of match dollars.

Costs that are not to be specifically recorded and documented by the contributor must not be included as project match dollars.

(3) In-kind contributions match include those project specific non-dollar contributions that have an associated value. Volunteer labor, equipment loan, donated materials, and free services are examples of legitimate in-kind contributions. In-kind contributions substitute for match dollars if the services provided are integral to the project and if dollar costs will be incurred should in-kind services later become unavailable. In-kind costs should be included on the project budget with values determined using wage rate schedules, typical cost estimates, or another objective determining factor. For example, volunteer tree planter labor may be included as an in-kind contribution because the value of the labor may be readily determined by contacting local providers.

In-kind costs that are superfluous to the project must not be presented in the budget. For example, volunteer services should be valued at the rate these services could be contracted. The value of additional employee benefits including insurance, sick leave, and vacation should not be included.

Contributions generally provided to public projects at no charge should not be included as contributions. For example the value of public services announcements on radio or television stations or newspaper press releases should not be included as advertising costs.

Program Costs - are those costs contained in your annual budget or in the annual budget of another project contributor that support other projects and an overall program or mission. These costs cannot be separately documented. These costs are part of an on-going budget and will be incurred by you or another project contributor whether or not the project is implemented. **Program costs are not considered project matching funds.** Program costs may be indicated in the application financial narrative with the documentation necessary to support such claims (such as a letter describing the available support). Program costs used to support the project are considered to be evidence of public support for the project.

Office space might be an example of a program cost. For example, if a project sponsor currently rents office space and will allocate a portion of the office space to the proposed project then the allocated portion of rent expense is a contribution of existing program costs. The cost will be incurred whether or not the project is implemented. Regular staff salaries could be another example of program cost. Salaries of existing fully funded staff positions should not be pledged as in-kind contributions unless these costs can be accounted for separately and it can be demonstrated that the hours to be committed to the project exceed the hours that would be otherwise funded by the program budget. A university professor fully funded for the school year may not charge salaries for participating in a research project if the university's program includes the oversight of graduate student research and the professor is fully salaried by university standards. Again, these salary costs are program costs and will be incurred whether or not the proposed project is implemented.

Grant funds must not be used to supplant regular program costs such as rent, utilities, or salaries. In particular, a state agency or unit of the university system must not use grant funds for costs already legislatively authorized in an appropriations bill to free up appropriated funds for purposes not related to the grant. For more information on this issue contact DNRC.

COST DOCUMENTATION:

Costs that cannot be fully documented must not be included in the budget of project specific costs and will not be reimbursed with grant funds or credited as dollar match or in-kind contributions. If the amount of match secured is less than pledged in your proposal, the amount of your grant will be reduced proportionately.

DNRC will reimburse a percentage of the project specific dollar and in-kind costs incurred and documented. If your total estimated budget is $440,000 and you receive a grant award of $50,000, DNRC grant funds will reimburse actual documented costs at a rate of 11.36 percent ($50,000 . $440,000). If you are later only able to document $400,000 in project specific costs then DNRC will only reimburse 11.36 percent of those costs, or $45,440.

B. RENEWABLE RESOURCE GRANT AND LOAN PROGRAM APPLICATION PROCESS:

ADDITIONAL HELP SHEET - GRANT APPLICATION RANKING CRITERIA

Feasibility and public benefits are key elements.

DNRC and a technical review team evaluate each application to ensure that a proposal is economically feasible, that it is located in Montana, and that it is at least technically feasible. Economic feasibility is judged to verify that the total cost of the proposed venture will be exceeded by the anticipated benefits directly attributable to the project. After this initial evaluation, DNRC staff examines an application's merit under six categories.

1. FINANCIAL FEASIBILITY (-200 points)

Financial feasibility will be determined by DNRC's technical review team, a group of experienced individuals who will evaluate the merit of similar proposals based on standard principles of finance. The reviewers will decide whether funds exist to construct, operate, continue, maintain, or complete a project and whether these are identified. They also will determine whether other funding sources to complete the proposal have been secured, whether documentation of these funds is provided, whether any necessary security required to support a loan requested in conjunction with the grant exists and is sufficient, and whether matching funds are in-kind contributions or another form of soft match.

If this review uncovers any deficiencies in a proposal's financial feasibility, points will be deducted. An acceptable application would lose no points, a marginal application would lose 100 points, and a doubtful application would lose the maximum of 200 points.

2. ADVERSE ENVIRONMENTAL IMPACT (-300 points)

An environmental checklist will be completed with the assistance and guidance of DNRC's environmental impact team. Each checklist item identifies adverse impacts in areas such as air quality, water quality, vegetation/wildlife, land use, and visual/aesthetics. If any adverse effects would result from a project, preparation of an environmental assessment and, possibly, an environmental impact statement would be required to fulfill requirements of the Montana Environmental Policy Act. The cost of these documents will serve as a factor in reconsidering the initial cost and benefit assessment.

Adverse environmental impacts will be estimated and could result in a proposal's loss of a maximum of 300 points.

3. TECHNICAL MERIT (400 points)

Standard engineering principles will be used to evaluate a proposal's technical merit. Coordinating agencies must indicate that a project meets the standards necessary to comply with state law. Applicants also must either hold or indicate their ability to acquire all of the necessary land or water right interests. Proposals that use commonly accepted technology and are not experimental efforts will be more competitive than those that propose to use a more experimental type of technology

to solve a common problem. Proposal budgets and timelines must be reasonable and well-documented. Up to 400 points will be awarded to an application under the technical merit category.

4. PUBLIC BENEFIT (400 points)

Public benefit criteria are based on Montana statutes. Up to 400 points will be awarded, depending on the degree to which these tests apply:

A. State Water Plan (150 points)
For example, does the project:
- implement a priority of the State Water Plan?
- support identified water storage priorities?
- preserve farmland or is part of a family farm?

B. Reserved Water Rights (50 points)
Does the project:
- initiate the use of water reserved under Montana law?
- help resolve Indian/federal reserved water rights?

C. Resource conservation, management, or protection (100 points)
Will the project:
- significantly contribute toward resource conservation when it's implemented?
- invest in replacing nonrenewable resources with renewable resources to provide benefits—economic or otherwise—for the state's citizens and to preserve its natural heritage.
- preserve resources such as land, air, water, wildlife, or recreation while developing economic resources?
- develop a renewable natural resource to provide future economic benefits to Montana?

D. Citizen benefits or support (100 points)
Will the project be:
- a multi-use project?
- used by the public?
- strongly supported by documented citizen support?
- co-funded with non-state funding that exceeds the funding requested?
- a source of new, permanent jobs?

or, does the project provide benefits that:
- are measurable?
- will be ongoing?
- will affect a large number of people in Montana?
- are significant when compared to benefits that other proposed projects would provide?

5. NEED (100 points)

Points for public need will be awarded to proposals only if the subtotal of the previous categories is more than average. Points will be awarded to proposals that have not previously received funding from DNRC; that document no other available public funding; that show compliance with court orders to overcome identified health hazards; or that mitigate existing, adverse environmental conditions. Up to 100 points may be awarded to a proposal under the public need category.

6. URGENCY (100 points)

Urgency points will be awarded only to applicants that qualify for consideration under public need. Up to 100 points may be awarded to proposals that document severe financial need demonstrated by the rates and fees in place for related community systems or services, a high debt-to-bond capacity ratio or other fiscal problems, or a threat to life or property that would be imminent without the project.

DNRC's ranking system is used to determine the relative merit of each proposal submitted for grant funding. Proposals are recommended for grant funding in the order they are ranked, and the actual funding decisions are made by the Montana Legislature.

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Montana Department of
Natural Resources and Conservation

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